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MARKET PROFILE FOR TANZANIAN SESAME SEEDS



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International
Trade
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Disclaimer: The views expressed herein can in no way be taken to reflect the official opinion of the International Trade Centre.

A. PRODUCT OVERVIEW

1. SESAME SEEDS CHARACTERISTICS

- ✓ These are edible oil seeds mainly produced for human consumption.

Applications: oil, toasted seeds, food ingredient, body lotion, soaps, paints, perfumes, insecticides

Core product: Sesame seeds

Actual product: Sesame oil (HS Code: 151550)

Product HS Code: 120740

China National Tariff Line code (NTL): 120740.1000

2. WORLD PRODUCTION AND CONSUMPTION OVERVIEW

- ✓ The world production of sesame seeds is 5.5 million tons. Much of the production is concentrated in Africa, which produces 57% of annual production which translates to 3.2 million tons (FAO,2017).
- ✓ 2.3 million tons of sesame seeds are traded globally while 3.2 million tons are consumed.
- ✓ China is one of the leading countries in sesame production. It produced 367,080 tons in 2017 (FAO, 2017)
- ✓ China consumes a total of 1,079,543 tons per year. The country imports 712,463 tons and exports 36,013 tons (Trade map, 2017)

3. COUNTRY'S PRODUCTION CAPACITY

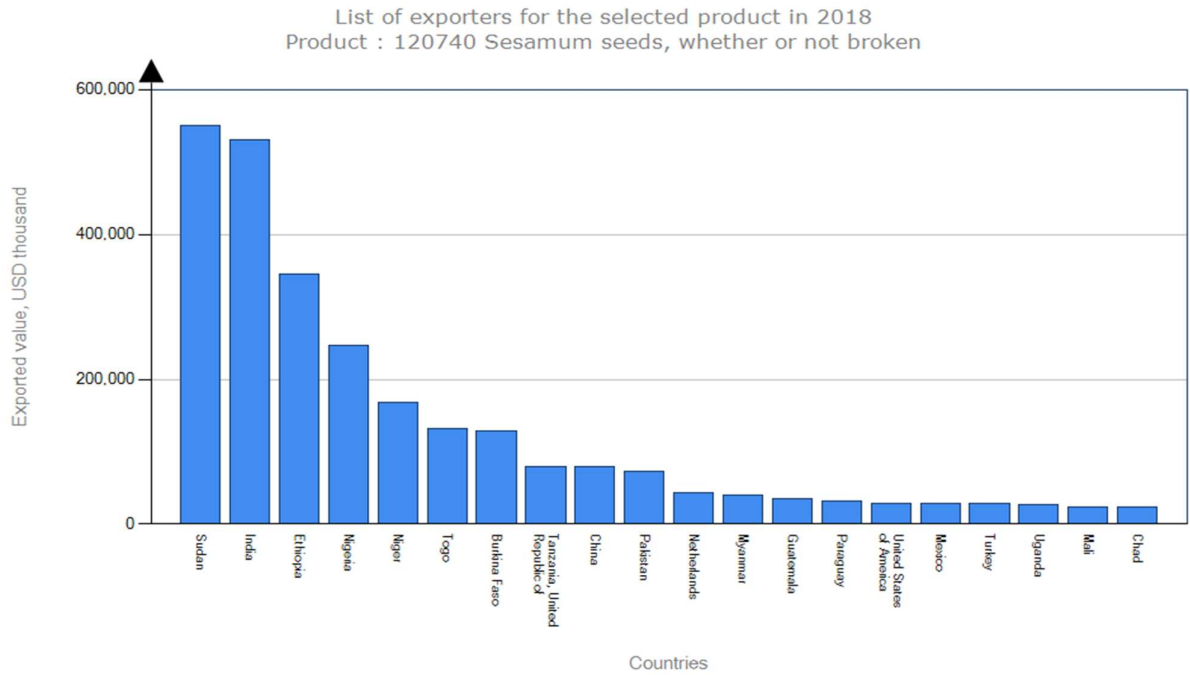
- ✓ Tanzania is one of the leading producers of sesame globally. Annually, Tanzania produces 805,691 tons from 22 regions namely: Coast, Lindi, Tabora, Dodoma, Mbeya, Ruvuma, Morogoro, Mtwara, Kigoma, Singida, Tanga, Simiyu, Katavi, Mara, Iringa, Rukwa, Manyara, Kilimanjaro, Shinyanga, Mwanza, Geita, and Arusha. Out of all the regions producing sesame in Tanzania, Lindi is the highest producer while Shinyanga yields the lowest production levels.
- ✓ Sesame is grown in Tanzania Mainland and it ranks third in oil seed and nut production while employing a total of 282,695 farmers working on 232,653 hectares of land.
- ✓ *Sesamum indicum* is the variety grown in Tanzania which has a high global demand.
- ✓ Sesame seeds are used to extract edible oil and for the production of pharmaceutical products.
- ✓ Sesame seeds are produced in two seasons. During the short rains, 8.4% of total production is done, while 91.6% of production is undertaken during the long rain season.
- ✓ 11 companies engage in exporting sesame, while a bigger number of companies engage in production activities.

A. GLOBAL TRADE OVERVIEW

1. WORLD TRADE CHARACTERISTICS

- ✓ The world imported 2,085,159 tons of sesame seeds in 2018, valued at United States Dollars (USD) 2,819,240,000.
- ✓ For the past five years, world imports of sesame seeds registered a slight decline with the annual growth rate of -8%.

Figure 1: The world import of sesame seeds (In terms of thousand dollars)

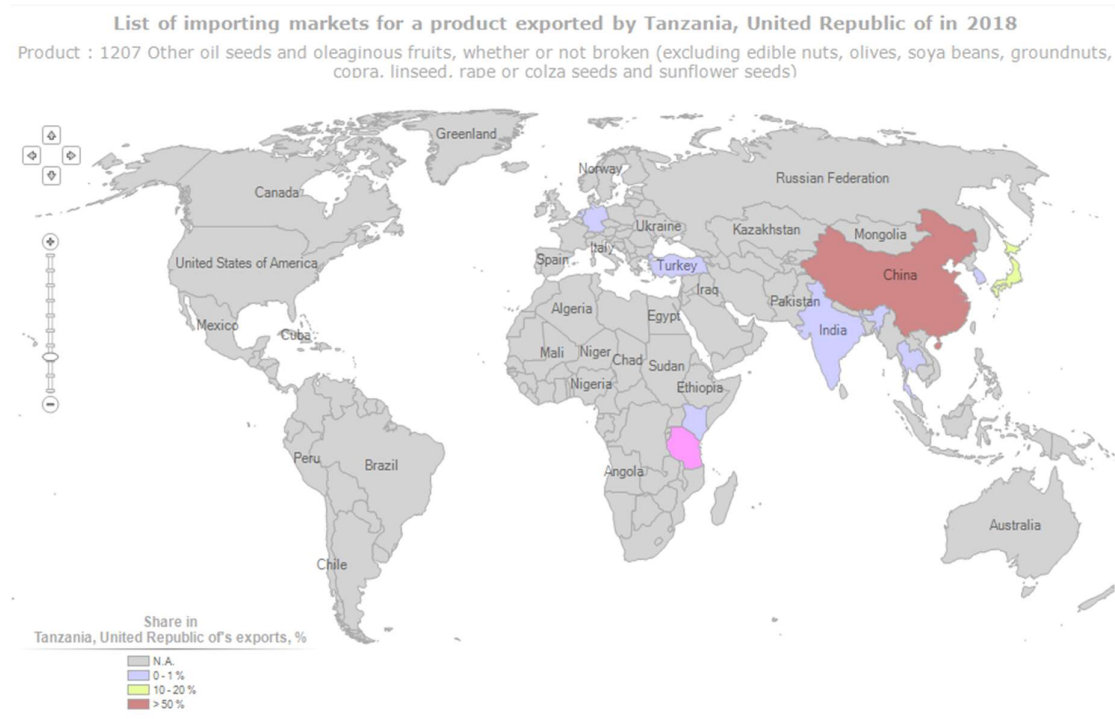


- ✓ The three largest sesame seed importers in the world are; China (USD1,067.4 million), Japan (USD213.7 million) and Turkey (USD198.1 million).
- ✓ The three leading importers have a combined market share of 49.3% of global imports. This indicates that the world demand for sesame seeds is highly concentrated.

Figure 2: The world's leading importers of sesame seeds

Ranking	Importers	Share in World Imports, %
1	China	35.6
2	Japan	7.1
3	Turkey	6.6

Figure 3: Map indicating importing countries of sesame seeds



2. EXPORT CHARACTERISTICS

- ✓ The three largest exporters of sesame seeds in the world are Sudan, India and Ethiopia respectively.
- ✓ The three top exporting countries have a combined market share of half of global exports 50.5%. This indicates that the world supply for sesame seeds is highly concentrated.

Figure 4: The world's leading exporters of sesame seeds

Ranking	Exporters	Share in World Imports, %
1	Sudan	19.5
2	India	18.8
3	Ethiopia	12.2

Figure 5: Map indicating exporting countries of sesame seeds



B. TANZANIA'S EXPORT PERFORMANCE

4. PERFORMAMNCE IN THE WORLD MARKET

- ✓ Tanzania ranks 8th in world sesame seed exports, with a market share of 2.8%
- ✓ A total of 66,480 tons, valued at USD 80.1 million of sesame seeds is exported to the world annually.
- ✓ Tanzania exports to the world has been declining over the past five years. Tanzania's growth in value over the past five years was -29%, while global growth was -8%, signalling that Tanzania has been losing market share.
- ✓ China, Japan and the Republic of Korea are the biggest importers of sesame seeds from Tanzania where each country imports USD70.4million, USD8.6 million and USD535,000 respectively.

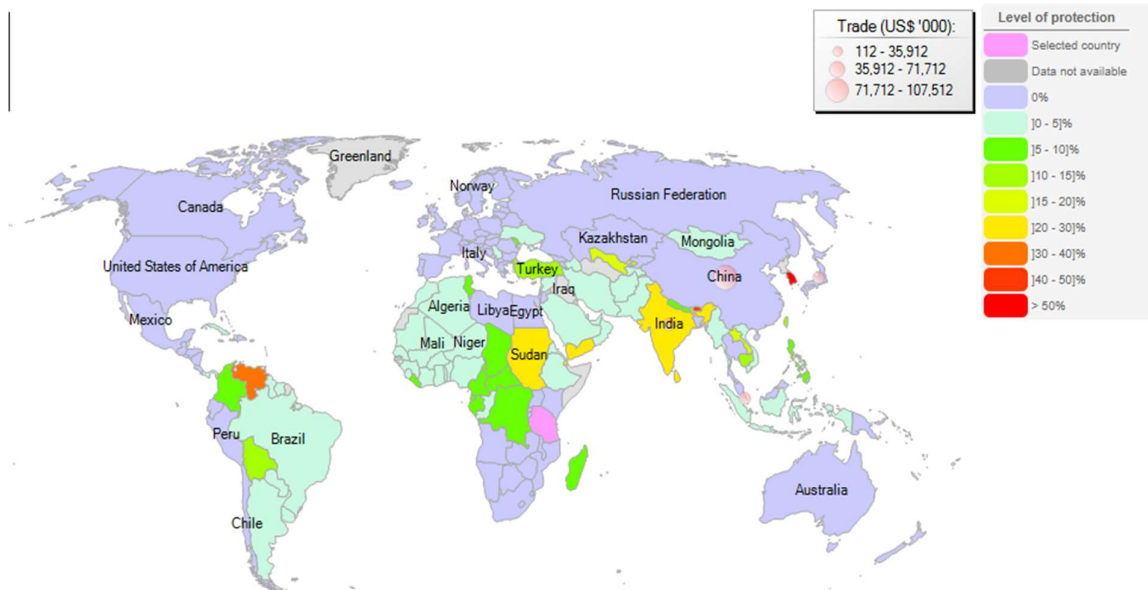
1. PERFORMANCE IN THE SELECTED PRODUCT

- ✓ With growth of export value being lower than the growth of export quantity at -29% and -15% respectively, it is evident that sesame has been decreasing in value for the past five years.
- ✓ China and Japan are the largest importers of Tanzania sesame imports, at 35.6% and 7.1% respectively.
- ✓ None of the top four importing countries is above the world's average importing growth in value (-6%), only China's growth equals the global average.
- ✓ Tanzania has a distance advantage against its competitors in accessing China's market (9,886 km) and Japan's market (11,995 km) while it loses to many of its competitors in accessing the South Korean market (3,657 km). The actual distance between Tanzania and its leading markets of China, Japan and South Korea is 8,594 km, 11,389 km, 10,684 km respectively.
- ✓ With the exception of Japan, which has a concentration of 0.15, the top nine importing markets are highly concentrated, with a concentration of 0.18 and above. This suggests that few suppliers dominate the markets, which makes them impenetrable.
- ✓ Tanzania's tariff in China's and Japan's markets is zero-rated while it faces steep tariffs in South Korea's market.

TARIFFS FACED BY TANZANIA ON THE GLOBAL MARKET

- ✓ China and Japan apply the lowest tariffs to Tanzania’s sesame seeds; zero rated.
- ✓ China exercises two tariff regimes, Most Favoured Nation (MFN) and Preferential Tariff for 33 least developed countries (LDC).
- ✓ By virtue of the two countries being leading importers of Tanzania’s seaweed, Tanzania can increase market share by taking advantage of preferential and MFN tariffs.

Figure 7: Tariffs applied by all importing countries to Tanzania’s Sesame seeds



C. MARKETING SCREENING

1. ATTRACTIVE MARKETS

Ranking	Target country	Imported value (thousand USD) in 2018	Unit value (USD /unit)	World market share (%)	Annual growth rate in value past 5 years (%)	Tariff advantage
1	China	70,398	1,206	22.5	26	0
2	Japan	8,553	1,230	5.3	-50	0
3	Korea, Republic of	535	892	4	-	630

2. SELECTED MARKET

- ✓ China’s market has been selected as Tanzania’s target market for sesame
- ✓ China was selected on the basis that it is the leading world importer of sesame seeds and has an untapped potential of USD32.1 million

Figure 8: The world's leading importers of Tanzanian Sesame seeds

Bilateral trade at 8-digit	Importers	Value exported in 2018 (USD thousand)	Trade balance 2018 (USD thousand)	Share in Tanzania, United Republic of's exports (%)	Quantity exported in 2018
		z	z	z	
	World	80,077	80,013	100	66,480
+	China	70,398	70,398	87.9	58,379
+	Japan	8,553	8,553	10.7	6,954
+	Korea, Republic of	535	535	0.7	600
+	India	280	280	0.3	198
+	Turkey	266	266	0.3	300

D. CHINA'S MARKET CHARACTERISTICS

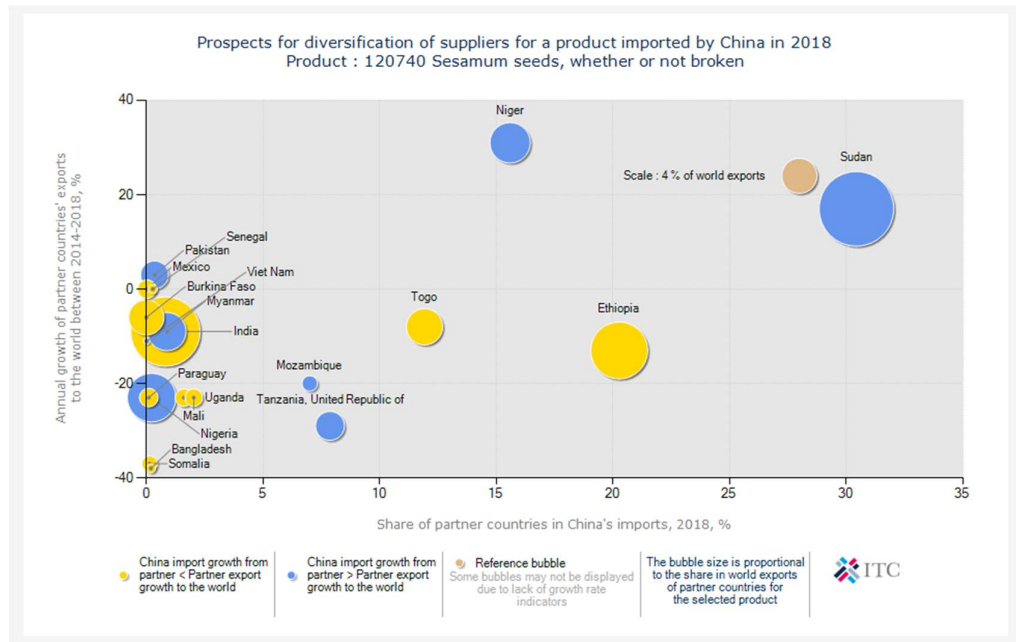
1. TANZANIA TRADE PERFORMANCE IN CHINA'S MARKET

- ✓ Tanzania has been exporting sesame seeds for many years. In 2018 for instance, sesame seeds worth USD70,398,000 were exported to China from Tanzania.
- ✓ Given that China's market performance is -6% per annum, the market can be aptly considered as fast declining.
- ✓ With growth in value of exports to China of -28%, Tanzania appears to be quickly losing market share in China.

2. COMPETITION IN CHINA'S MARKET

- ✓ Tanzania's main competitors in accessing China's market are Sudan (USD324.99 million), Ethiopia (USD216.4 million) and Niger (USD166.5 million) each exporting 254,935 tons, 160,945 tons, 141,814 tons of sesame seeds annually.
- ✓ Sudan and Niger are gaining market share in China with a growth in imported valued of 29% and 32% respectively.
- ✓ Tanzania, with a unit value of USD1,205 per ton, has the lowest unit value compared to her main competitors, Sudan (USD1,275 per ton) and Ethiopia (USD1,345 per ton) but ahead of Niger (USD1,174 per ton).
- ✓ With the exception of Niger, Sudan and Ethiopia have a distance advantage in accessing China's market.

Figure 9: Graph indicating countries competing for China market



- ✓ The graph explicitly indicates that Tanzania's export growth to the world is less than China's import growth from Tanzania.
- ✓ This implies that Tanzania's dependency on China's market is astonishingly huge and lacks diversification, which may lead to shocks if China's market experiences a crisis.

3. COUNTRIES PRICE POSITIONING

- ✓ Tanzania's unit value of USD1,456 per ton, is higher than that of its competitors as follows: Sudan (USD1,275), Ethiopia (USD1,328), Niger (USD1,174) and Togo (USD1,258).
- ✓ The above settings implies that stands attract less buyers than the rest of the above competitors.
- ✓ However, all the top five leading exporters to China have unit values which are higher than the world's average, USD1,137 per ton.

4. TARIFF FACED AND TARIFF ADVANTAGE IN CHINA

- ✓ With preferential tariff accorded to all LDCs including Tanzania, there is no tariff advantage that Tanzania can capitalize on.
- ✓ With the exception of Sudan, all other competitors face zero rated tariffs when accessing China's market due to its preferential regime for developing countries.

Ranking	Competitor	Tariff
1	Sudan	0
2	Ethiopia	0
3	Niger	0

E. PESTEL ANALYSIS

F1. PANORAMA

POLITICAL LANDSCAPE:

- ✓ China is a communist party-led state. Founded in October 1, 1949, China's legal system has civil law influenced by Soviet and continental European civil law systems.
- ✓ China has three government branches, namely; the Executive – led by President; the Legislature – National People's Congress (NPC) and the Judiciary – led by Chief Justice appointed by NPC.

ECONOMIC LANDSCAPE:

- ✓ China is a USD12.01 trillion economy and market-oriented country, having transitioned from command economy in 1978. Growth rates in the country stand at 7% annually, China is the largest economy in the world in terms of Purchasing Power Parity (PPP). Per capita income in China is USD16,700 which is 17 times higher than that of Tanzania. All these factors suggest that China's market is huge and economically capable of absorbing exports of sesame seeds from Tanzania.

SOCIAL LANDSCAPE:

- ✓ China has an estimated population nearing 1.4 billion people who hail from 56 ethnic groups. China has a rich history, culture and many languages are spoken however, Mandarin is the lingua Franca in China. Despite China being a secular state, its people subscribe to different beliefs such as Buddhism, Christianity, Islam, Jewish, Hinduism and others. A collectivist society that always shuns individualism.

TECHNOLOGICAL ADVANCEMENT:

- ✓ China is the largest internet market in the world. With the majority of users accessing the internet through mobile devices, China is projected to be the world's largest 5G market. The majority of the Chinese population is accustomed to using e-commerce platforms like Alibaba.
- ✓ China has seven major seaports which are among the world's ten largest container ports. This suggests that shipping sesame seeds product to China would be easy.

F2. PRODUCT



- ✓ China produced 367,080 tons of sesame seeds in 2017.
- ✓ With an import amounting to 828,211 tons in 2018 and exported of 41,680 tons only, China consumes a total of 1,153,611 tons per year.
- ✓ In China, sesame seeds are used to flavour cakes, cookies, and popular desserts. It is also present in some savoury dishes as well as in noodle dishes in form of sesame paste.
- ✓ Products derived from sesame seeds include adhesive bandages, cosmetics and hair care products. This highlights the major difference between Tanzania's export product (mainly sold in raw form) and China's as a result of low processing capacity in Tanzanian.
- ✓ There is a huge possibility that China might double its usage of sesame seeds due to its population growth rate of 0.37%.
- ✓ The final product that is sold in China is packaged Sesame oil which is directly sold to final consumers.

F3. PEOPLE

- ✓ Women are the main consumers of sesame seeds and sesame derived products. This is because the products help alleviate postmenopausal symptoms, and women are the ones responsible for preparation of different cuisines.

F4. PERMISSION

	Market share, %	Tariffs faced, 0%	Tariff regime	
Your country	7.9	0	MFN	
Your country's main competitors in target market	Market share, %	Tariffs faced by competitors, %	Tariff regime	Tariff advantage for your country (yes or no)
Sudan	30.4	0	MFN	No
Ethiopia	20.3	0	MFN	No
Niger	15.6	0	MFN	No

REGULATORY STANDARDS:

- All products sold in China must have their labels in Chinese
- It must be in conformity with medical and safety regulations
- Information on the country of origin of the product must clearly be indicated
- Name and address of the distributor registered in the country
- Must contain the net weight, the list of ingredients, production and expiry date.

F5. PRICE

- ✓ Retail price of sesame oil in China is CN 39.9 Yuan per bottle
- ✓ Freight cost at the port of Dar-es-Salaam is between USD1,500 to USD1,700

F6. PROSPECTS

- ✓ Recently China abandoned the one child policy suggesting that population will rise geometrically which will increase market demand for sesame seed products.
- ✓ Tanzanian Diaspora (students, business people and workers) is on the rise in China, this is a hanging market that needs to be fully utilized.

SWOT ANALYSIS:

Strengths:

- ✓ Tanzania's product is largely organic and so it stands to attract a premium price, because the majority of Tanzanian farmers use traditional means of cultivating e.g. not using fertilizer or pesticides.

Weaknesses:

- ✓ Much as Tanzania is among the leading suppliers of sesame to China, it is yet to saturate China's sesame market. According to Export Potential Map, China tops the list of export potential markets.

Opportunities:

- ✓ Growing Chinese population as well as its rising purchasing power is an attraction.

Threats:

- ✓ Production is rain fed thus unreliable.

- ✓ Tanzania faces serious competition from Sudan, Ethiopia and Niger.

F. RECOMMENDATIONS



- ✓ Since China also produces sesame seeds, in some instances China might exercise measures to protect domestic farmers therefore the government of Tanzania would need to enter into a Memorandum of Understanding with Government of China, so her farmers and Traders can be protected from Market fluctuations.

- ✓ Also, processing facilities need to be available at a cheaper price to increase our competitiveness in the world and to improve production predictability by creating more irrigation schemes in the country.

G. USEFUL SOURCES

www.trademap.org,

www.macmap.org,

www.exportpotential.intracen.org,